

STATEMENT REGARDING THE MORTGAGE INDUSTRY

In response to the concerns in the mortgage lending industry, the Tennessee Department of Financial Institutions has joined other state and federal banking regulators in issuing guidance to loan service companies regarding working with borrowers who are at risk of defaulting on their home mortgages.

Specifically, the guidance was issued on September 4, 2007 by the Conference of State Bank Supervisors, Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Administration to federally-regulated and state-supervised institutions that service mortgage loans:

www.federalreserve.gov/boarddocs/press/bcreg/2007/20070904/attachment.pdf

A consumer alert also related to mortgage payment increases issued by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators can be located here:

www.csbs.org/Content/NavigationMenu/RegulatoryAffairs/MortgagePolicy/CSBS_AARMR_ConsumerAlertonMortgagePaymentIncrease.doc. The

Department -- which is a member of these regulatory organizations -- supports the alert which calls for consumers to plan for changes in adjustable rate mortgages that could result in significant increases to mortgage payments.

Additional information about adjustable rate mortgages including tips and specific loan terminology can be found here:

http://state.tn.us/tdfi/compliance/Adjustable_Rate_Mortgage_Information.pdf

As the state of the mortgage lending industry continues to evolve, the Department will post consumer alerts and guidance to its web site in order for homeowners to be more informed about the potential impact on their mortgage loans and family budgets.